

Press Release

S.C.M. SIM: the BoD approved the draft financial statements as at 31 December 2023

All the main economic-financial indicators showed a net improvement

- **Commission income:** Euro 7.8 million, +25% compared to Euro 6.2 million as at 31.12.2022
- **Net interest and other banking income:** Euro 4.0 million, +10% vs Euro 3.6 million as at 31.12.2022)
- **Operating profit/loss:** Euro -0.26 million (Euro -0.80 million as at 31.12.2022)
- **Assets under control:** Euro 928 million (Euro 848 million as at 31.12.2022, Euro 913 million as at 30 June 2023)
 - Assets under management of Euro 262 million (Euro 211 million as at 31.12. 2022)
 - Advisory assets of Euro 248 million (Euro 252 million as at 31.12.2022)
 - Value of insurance products of Euro 370 million (Euro 357 million as at 31.12.2022)
 - Equity of the Sicav of Euro 48 million (Euro 29 million as at 31.12.2022)
- **Financial and insurance advisors:** 92 (35 as at 31.12.2022)

Milan, 26 March 2024

The Board of Directors of **Solutions Capital Management SIM S.p.A.** (the "Company" or "SCM SIM"), a company listed on the Euronext Growth Milan segment of Borsa Italiana S.p.A. and in the open market "Quotation Board" segment of the Frankfurt Stock Exchange, met today and approved the draft Financial Statements as at 31 December 2023, which will be submitted to the Ordinary Shareholders' Meeting, convened for 29 April 2024 and, if necessary, on second call for 30 April 2024.

"In 2023, we started to record significant growth again. Revenues, volumes and the number of advisors increased, always in compliance with a model that values independent choices. These are the reasons making 2024 a hugely satisfying year"

Antonello Sanna, Chief Executive Officer

Economic-financial results as at 31 December 2023¹

¹The Financial Statements were prepared in application of Italian Legislative Decree no. 38 of 28 February 2005 and according to the international accounting standards (IAS/IFRS), as interpreted by the International Financial Reporting Interpretation Committee (IFRIC) and adopted by the European Union.

Commission income totalled Euro **7.8** million, up **25%** compared to Euro 6.2 million in the previous year. More specifically, all departments recorded a positive performance, with the exception of insurance (from Euro 1.9 million as at 31 December 2022 to Euro 1.2 million as at 31 December 2023); **+14%** in commissions from asset management (from Euro 1.9 million as at 31 December 2022 to Euro 2.1 million as at 31 December 2023); **+24%** in investment consultancy fees (from Euro 0.8 million as at 31 December 2022 to Euro 1 million as at 31 December 2023); commissions from generic consultancy services almost doubled (from Euro 1.6 million as at 31 December 2022 to Euro 3.1 million as at 31 December 2023).

Commission expense rose from Euro 2.55 million in 2022 to Euro **3.74** million in 2023, with a more than proportional increase than fee and commission income due to the different breakdown of revenues compared to the previous year.

Net interest and other banking income rose to Euro **3.99** million, **+ 10%** compared to Euro 3.63 million recorded in the previous year.

Despite the increase in turnover, **operating expenses** (administrative expenses) decreased by **3.0%** to Euro **3.89** million, compared to Euro 4.01 million in 2022, with a decrease in personnel costs (**-2.2%**) thanks to internal restructuring activities and the improvement in administrative expenses (**-3.6%**), due to internal optimisations and continuous monitoring of company management control.

After write-downs of old positions and the consequent replenishment of the bad and doubtful debt provision, SCM SIM closed the year 2023 with a **net loss** of Euro **-0.26** million, a significant improvement compared to the previous year (Euro -0.80 million).

The sales network has grown, comprising **92 advisors** as at 31 December 2023 (35 as at 31 December 2022), which includes 28 financial advisors and 64 insurance advisors.

Net inflows were positive at the end of 2023, amounting to Euro **26** million, recording, in particular, a positive net change of Euro **34.2** million in the **asset management** segment, and a net negative change in advisory services (MiFID and generic) for approximately Euro 11 million.

Assets Under Control amounted to Euro **928** million, up by Euro 80 million compared to Euro 848 million as at 31 December 2022. In particular, **assets under management** amounted to Euro **262** million, compared to Euro 211 million in 2022, **advisory assets** came to Euro **248** million, compared to Euro 252 million in 2022, the value of **policies** totalled Euro **370** million, compared to Euro 357 million in 2022 and **SICAV** assets rose from Euro 29 million to Euro **48** million.

Shareholders' equity increased from Euro 2.2 million as at 31 December 2022 to Euro **2.8** million at the end of the 2023 financial year, following the share capital increase for a total of Euro 0.8 million completed at the beginning of 2023, which has enabled the Company to strengthen its capital and ensured respect for the requirements of the supervisory authorities.

Allocation of the result for the year

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Resolved Share Capital Euro 2,634,264, subscribed and paid-up Euro 2,234,264 • Joint Stock Company • VAT number: 06548800967 • Milan REA
(Economic and Administrative Index) No.: 1899233

Enrolled in the Register of SIM Groups • Enrolled in the Register of SIMs under No. 272 pursuant to CONSOB Resolution No. 17202 of
02/03/2010

Registered in the RUI (Single Register of Insurance Brokers) under No. D-000416928 • Member of the National Guarantee Fund

The Board of Directors proposes to the Shareholders' Meeting to cover the loss, amounting to Euro 260.922 by using the item "Share premium reserve" for the same amount.

Company performance during 2023

2023 was a generally positive year for the equity market, despite the continuous hikes in interest rates by central banks. The restrictive monetary policies helped to contain inflation, which trended down throughout the year.

On 31 March, the share capital increase transaction, resolved by the Board of Directors on 28 December 2022, was concluded with the subscription of a total of 228,024 shares for a total value of Euro 820,886.40.

Development activities continued in line with the strategic drivers of the Business Plan, as part of both ordinary and extraordinary activities, as well as in the consolidation of the information system in order to optimise the management of internal and external processes.

Adjustments procedures were adopted with reference to regulatory updates on whistleblowing and anti-money laundering.

Controls continued with the monitoring of ESG applications. The decision was taken to operate solely through the use of ETFs/ETCs in portfolios with SFDR 8 and 9 classification and algorithms were defined to carry out the specific marking of financial instruments. Specific controls were further fine-tuned, in collaboration with the Risk Manager, to assess the alignment of the ESG guidelines with the regulatory requirements and to monitor the universe of securities with ESG marking.

In the IT domain, the development of the company IT system continued with a new database for the digitalisation and automation of part of the business intelligence for management control. The Asset Management Guardian software was enhanced with the implementation and development of a series of specifications, and the PFP - Personal Financial Plan - software project was completed, created with AAtech, to improve the experience of advisors and meet their needs.

In the sales area, an internal restructuring process has been launched, which has led to the inclusion of a number professionals who will help improve company performance in the medium-term.

Lastly, partnerships were entered into with Sara Assicurazioni for the distribution of various products, including in the non-life business and for the management, by SCM SIM, of an internal equity fund of the insurance company.

Significant events after the end of the period and outlook

In continuity with the end of 2023, the first few months of 2024 recorded a positive performance in the financial markets, helping to convey a positive view of the activities of SCM SIM, even if the complexity of the scenarios and the numerous variables make it difficult to quantify the impact.

The entry of numerous insurance advisors represents one of the key elements for the future economic performance of SCM SIM, with the first results already beginning to materialise.

New agreements were signed with Sara Assicurazioni, Vittoria Assicurazioni, CNP and, most recently, Dual, which have helped to greatly expand the range of products that the Company can distribute.

In addition, advisory activities are continuing for the reporting of customers interested in the transfers of tax credits, which already contributed positively to the economic results in 2023.

Top management is confident that it will achieve the interim economic results outlined in the 2024-2026 Business Plan.

Lastly, it should be noted that, on 9 January 2024, the Board of Directors of the Company resolved to propose, at the next shareholders' meeting, the approval of the new Employee Stock Ownership Plan, with final deadline of 31 December 2030, which makes provision for an increase in the share capital by payment and inseparably, with the exclusion of the option right pursuant to art. 2441, paragraph 5, of the Italian Civil Code, to be carried out in one or more tranches, through the issue of a maximum of 700,000 new ordinary shares without nominal value, with the same characteristics as those in circulation, with the regular entitlement to corporate and administrative rights, to be reserved for subscription to the beneficiaries of the Employee Stock Ownership Plan. On meeting given conditions, the beneficiaries may exercise their right of option and subscribe shares at a price of Euro 2.91 per share, in compliance with the provisions of art. 2441, paragraph 6, last period, of the Italian Civil Code. All terms, conditions and limitations of the Employee Stock Ownership Plan are described in detail in the Plan Regulations. If not fully subscribed, the share capital will be increased by an amount equal to the subscriptions collected.

Documentation

The Financial Statements as at 31 December 2023 and the documentation relating to the Employee Stock Ownership Plan and to the proposed share capital increase will be made available to the public within the terms and in the manner set forth in the Euronext Growth Milan Issuers' Regulations, as well as on the Company's website, www.scmsim.it, in the "Investors" section.

Below:

- Balance Sheet of SCM SIM S.p.A. as at 31 December 2023
- Income Statement of SCM SIM S.p.A. as at 31 December 2023
- Cash Flow Statement of SCM SIM S.p.A. as at 31 December 2023

BALANCE SHEET

Values in units of Euro

ASSET ITEMS	31/12/2023	31/12/2022
10. Cash and cash equivalents	426,448	352,172
20. Financial assets measured at fair value through profit or loss	-	-
a) financial assets held for trading	-	-
40. Financial assets measured at amortised cost	3,024,692	2,383,387
a) receivables from banks	-	-
c) trade receivables	3,024,692	2,383,387
80. Tangible assets	629,566	877,136
90. Intangible assets	88,557	100,163
100. Tax assets	892,461	893,983
a) current	78,915	79,442
b) prepaid	813,546	814,541
120. Other assets	744,318	615,296
TOTAL ASSETS	5,806,041	5,222,136

LIABILITY AND EQUITY ITEMS	31/12/2023	31/12/2022
10. Financial liabilities measured at amortised cost	1,509,587	1,513,171
a) payables	1,509,587	1,513,171
60. Tax liabilities	2,661	2,661
a) current	-	-
b) deferred	2,661	2,661
80. Other liabilities	1,361,626	1,322,788
90. Employee severance indemnities	155,580	170,043
110. Capital	2,234,264	2,006,240
140. Share premium accounts	601,707	804,904
150. Reserves	212,790	212,790
160. Valuation reserves	(11,252)	(14,402)
170. Profit (loss) for the year	(260,922)	(796,059)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,806,041	5,222,136

INCOME STATEMENT

ITEMS	31/12/2023	31/12/2022
10. Net trading profit (loss)	-	-
30. Gains (losses) on disposal or repurchase of:	-	(881)
a) financial assets measured at amortised cost	-	(881)
50. Fee and commission income	7,770,101	6,227,856
60. Fee and commission expense	(3,745,586)	(2,550,896)
70. Interest income and similar revenues	1,690	294
80. Interest expense and similar charges	(38,336)	(48,288)
90. Dividends and similar income	-	-
110. NET INTEREST AND OTHER BANKING INCOME	3,987,869	3,628,086
120. Net value adjustments/write-backs for credit risk of:	(58,950)	(116,776)
a) financial assets measured at amortised cost	(58,950)	(116,776)
130. NET PROFIT (LOSS) FROM FINANCIAL OPERATIONS	3,928,919	3,511,310
140. Administrative expenses:	(3,891,482)	(4,011,039)
a) personnel expenses	(1,765,620)	(1,805,608)
b) other administrative expenses	(2,125,862)	(2,205,431)
160. Net value adjustments/write-backs on tangible assets	(273,727)	(290,662)
170. Net value adjustments/write-backs on intangible assets	(41,607)	(52,515)
180. Other operating income and expenses	16,141	39,989
190. OPERATING COSTS	(4,190,675)	(4,314,227)
240. PRE-TAX PROFIT (LOSS) FROM CURRENT ASSETS	(261,756)	(802,917)
250. Income taxes for the year on current operations	834	6,858
260. PROFIT (LOSS) AFTER TAXES FROM CURRENT ASSETS	(260,922)	(796,059)
280. PROFIT (LOSS) FOR THE YEAR	(260,922)	(796,059)

CASH FLOW STATEMENT	31/12/2023	31/12/2022
Direct method		
A. OPERATING ACTIVITIES		
1. Management	113,363	(342,965)
interest income collected	1,690	
interest expense paid	(38,336)	(47,994)
dividends and similar income		
net fee and commission income	4,024,515	3,676,960
personnel expenses	(1,765,620)	(1,805,608)
other costs	(2,245,622)	(2,288,040)
other revenues	135,902	121,717
taxes and duties	834	
costs/revenues relating to groups of assets held for sale and net of the tax effect		
2. Cash flow generated/absorbed by financial assets	(818,544)	61,779
financial assets held for trading		
financial assets designated at fair value		
financial assets measured at fair value as per mandatory requirements		
financial assets measured at fair value through other comprehensive income		
financial assets measured at amortized cost	(641,305)	
other assets	(177,239)	61,779
3. Cash flow generated/absorbed by financial liabilities	(8,639)	67,776
financial liabilities measured at amortised cost		
financial liabilities held for trading		
financial liabilities designated at fair value		
other liabilities	(8,639)	67,776
Net cash flow generated/absorbed by operating activities	(713,821)	(213,410)
B. INVESTMENT ACTIVITIES		
1. Cash flow generated by	0	-
sales of equity investments		
dividends collected on equity investments		
sales of tangible assets		
sales of intangible assets		
sales of business units		
2. Cash flow absorbed by	32,790	33,418
purchases of equity investments		
purchases of tangible assets	2,790	4,543
purchases of intangible assets	30,000	28,875
purchases of business units		
Net cash flow generated/absorbed by investment activities	(32,790)	(33,418)
C. FUNDING ACTIVITIES		
issues/purchases of treasury shares		
issues/purchases of equity instruments	820,886	
dividend distribution and other purposes		
Net cash flow generated/absorbed by funding activities	820,886	-
NET CASH FLOW GENERATED/ABSORBED DURING THE YEAR	74,276	(246,828)
RECONCILIATION		
Cash and cash equivalents at the beginning of the year	352,172	599,000
Total net cash flow generated/absorbed during the year	74,276	(246,828)
Cash and cash equivalents: effect of changes in exchange rates		
Cash and cash equivalents at the end of the year	426,448	352,172



This press release is available on the Company's website www.scmsim.it under Investors>Press Releases.

Solutions Capital Management SIM S.p.A. "SCM" is a stockbroking company authorised to provide portfolio management, investment advisory and placement services. SCM has been active since 2009 and was the first SIM listed on the Euronext Growth Milan market (formerly AIM Italia) of Borsa Italiana in July 2016. SCM is independent from banking, insurance and industrial groups and is an entity supervised and controlled by CONSOB, Banca d'Italia and Borsa Italiana. Through its Private Banking and Wealth Management services, SCM offers customised advisory solutions for clients, applying a unique, innovative and sustainable business model in Italy, which is based on independence, transparency and absence of conflict of interest in line with the fee-only advisory model.

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